

# **COMMERCIAL PROPERTY COVERAGE PART**

## **ADVISORY NOTICE TO POLICYHOLDERS**

### **BROADENINGS, RESTRICTIONS AND CLARIFICATIONS OF COVERAGE**

NO COVERAGE IS PROVIDED BY THIS POLICYHOLDER NOTICE NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISIONS OF YOUR POLICY. READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS NOTICE, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

THIS NOTICE HAS BEEN PREPARED IN CONJUNCTION WITH THE IMPLEMENTATION OF CHANGES TO YOUR POLICY. IT CONTAINS A BRIEF SYNOPSIS OF THE SIGNIFICANT BROADENINGS, RESTRICTIONS AND CLARIFICATIONS OF COVERAGE THAT WERE MADE.

THE SECTIONS OF THE POLICY THAT CLARIFY, BROADEN, REDUCE OR CHANGE COVERAGE ARE IDENTIFIED BELOW. SOME OF THE LANGUAGE OF THE NEW POLICY HAS BEEN RESTATED AND REPUNCTUATED FOR CLARITY AND READABILITY, BUT WITH NO CHANGE IN COVERAGE INTENT.

THE MATERIAL IS ORGANIZED BY INDIVIDUAL COVERAGE FORMS AND ENDORSEMENTS; HOWEVER, NOT ALL COVERAGE FORMS OR ENDORSEMENTS ARE INCLUDED IN A PARTICULAR POLICY. THIS NOTICE DOES NOT REFERENCE EVERY EDITORIAL CHANGE MADE IN THE FORMS AND ENDORSEMENTS.

PLEASE READ YOUR POLICY, THE ENDORSEMENTS ATTACHED TO YOUR POLICY AND THIS NOTICE CAREFULLY.

#### **PROPERTY DAMAGE COVERAGE FORMS**

##### **I. CLARIFICATION OR PROCEDURAL CHANGES**

- **REPLACEMENT COST OPTIONAL COVERAGE**

In form CP 00 10, this Optional Coverage is revised to clarify that replacement cost coverage applies to tenants' improvements and betterments if the conditions of coverage are met.

In form CP 00 17, this Optional Coverage is revised to clarify that replacement cost coverage applies to personal property owned indivisibly by all unit owners, and to fixtures, improvements, alterations and appliances within a unit if such property is covered in the policy.

In forms CP 00 10, CP 00 17 and CP 00 18, this Optional Coverage is revised to more explicitly convey that the insured is not required to rebuild on the original premises, but the replacement cost is limited to the cost that would have been incurred in rebuilding at the original location.

- **DEBRIS REMOVAL LIMIT OF INSURANCE (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)**

The Debris Removal Additional Coverage is revised to clarify the provisions governing the amount of coverage, and to incorporate the excess limit which was previously found in the Limits of Insurance clause. Examples are added to illustrate how the amount of coverage is determined.

- **LIMITED LIABILITY COMPANIES (CP 00 10, CP 00 17, CP 00 18, CP 00 40, CP 00 70, CP 00 99, CP 10 30)**

In various coverage forms the Personal Effects and Property of Others coverage extension are revised to recognize members, managers and Limited Liability Companies.

Additionally, in CP 00 40 and CP 00 70 the Additional Insureds and Newly Acquired Organizations coverage extensions are revised to recognize Limited Liability Companies.

- **LOSS PAYMENT CONDITION (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)**

Language is added to the Loss Payment provision of the Loss Conditions section of the policy to clarify that determination of value is subject to the applicable Valuation Condition or any provision which amends or supersedes it.

- **VACANCY PROVISION (CP 00 10, CP 00 17, CP 00 18, CP 00 70, CP 00 99)**

The language of the Vacancy Condition is revised to:

- Clarify that rented space must be used to conduct customary operations, if a condition of vacancy is to be avoided.
- Restate the percentage threshold for vacancy under an owner's policy, with no change in the actual threshold.
- Add reference to the total square footage.
- Add references to a general lessee, lessee, sub-lessee and building owner, in various parts of the provision which relates to an owner's policy.

- **DEDUCTIBLE CLAUSE (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)**

The first paragraph of the Deductible clause is revised to elaborate on the interaction between this clause and the Coinsurance Condition in determining loss payment.

The second paragraph of the Deductible clause, which deals with losses to more than one item of insurance in one occurrence, is revised to clarify that the losses will not be combined in determining application of the Deductible. However, the Deductible will be applied only once per occurrence.

- **NEWLY ACQUIRED PROPERTY (CP 00 40)**

The phrase "the total of all" is deleted from the Newly Acquired Property Coverage Extension, thus clarifying the intent that there is building coverage up to \$250,000 at each building covered under the Extension, and coverage up to \$100,000 for personal property at each building.

- **INCREASED COST OF CONSTRUCTION (CP 00 10, CP 00 17)**

The Additional Coverage – Increased Cost Of Construction contains an exclusionary provision relating to pollution. Text is added, to make it explicit that the exclusion regarding pollution affects all aspects of the Increased Cost Of Construction coverage.

- **VALUABLE PAPERS AND RECORDS (OTHER THAN ELECTRONIC DATA) (CP 00 10, CP 00 17, CP 00 18, CP 00 99)**

Valuable papers and records (other than electronic data) are addressed in a Coverage Extension of that title. There is no change in coverage.

- **EQUIPMENT BREAKDOWN (EB) EXCLUSIONS (CP 10 30)**

Equipment Breakdown Coverage was previously provided within the Special Causes of Loss Form. This coverage will now be provided by endorsement.

## II. BROADENING OF COVERAGE

- **SUPPLEMENTARY PAYMENTS – LOSS OF EARNINGS (CP 00 40, CP 00 70)**

The maximum daily payment for loss of earnings under the Supplementary Payments provision is being increased from the current \$100 to \$250 to more adequately recognize the earnings of many professions.

- **ADDITIONAL COVERAGE – INCREASED COST OF CONSTRUCTION (CP 00 10, CP 00 17)**

A new coverage, Increased Cost of Construction (ICC), is added under Additional Coverages. The ICC is a limited coverage for the increased cost of complying with building codes following covered damage to a building that is insured on a Replacement Cost basis. The ICC provides a limit of \$10,000 or 5% of the Limit of Insurance applicable to the building, whichever is less. For buildings insured under a blanket Limit, the 5% is applied to the value of the building as of time of loss. ICC coverage applies only to the repair, rebuilding or replacement of damaged parts of the building.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION – VIOLATION OF STATUTES THAT GOVERN  
E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF  
SENDING MATERIAL OR INFORMATION**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES**

"Bodily Injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

**B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES**

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

C00121

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## TOTAL POLLUTION EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion f. under Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability is replaced by the following:

This Insurance does not apply to:

#### f. Pollution

- (1) "Bodily injury" or "property damage" which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.
- (2) Any loss, cost or expense arising out of any:
  - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
  - (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

C00122

## CALIFORNIA CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

C00123

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CALIFORNIA CHANGES**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS  
 FARM COVERAGE PART – LIVESTOCK COVERAGE FORM  
 FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM  
 STANDARD PROPERTY POLICY

- A. When this endorsement is attached to the Standard Property Policy, CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.
- B. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by fire:

We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. That insured's ("insured's") interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

- C. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:

This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. An insured's ("insured's") interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

- D. Except as provided in E., the **Appraisal** Condition is replaced by the following:

If we and you disagree on the value of the property or the amount of loss ("loss"), either may make written request for an appraisal of the loss ("loss"). If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

C00124

E. The Appraisal Condition in:

1. Business Income (And Extra Expense) Coverage Form CP 00 30; and
2. Business Income (Without Extra Expense) Coverage Form CP 00 32;

is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

C00125



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraphs 2. and 3. of the Cancellation Common Policy Condition are replaced by the following:

**2. All Policies In Effect For 60 Days Or Less**

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a. 10 days before the effective date of cancellation if we cancel for:
  - (1) Nonpayment of premium; or
  - (2) Discovery of fraud by:
    - (a) Any insured or his or her representative in obtaining this insurance; or
    - (b) You or your representative in pursuing a claim under this policy.
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

**3. All Policies In Effect For More Than 60 Days**

- a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
  - (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
  - (2) Discovery of fraud or material misrepresentation by:
    - (a) Any insured or his or her representative in obtaining this insurance; or
    - (b) You or your representative in pursuing a claim under this policy.
  - (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
  - (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

C00126



- (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
- (6) A determination by the Commissioner of Insurance that the:
  - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
  - (b) Continuation of the policy coverage would:
    - (I) Place us in violation of California law or the laws of the state where we are domiciled; or
    - (II) Threaten our solvency.
- (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
  - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.

**B. The following provision is added to the Cancellation Common Policy Condition:**

**7. Residential Property**

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
- b. We may not cancel this policy solely because the first Named Insured has:
  - (1) Accepted an offer of earthquake coverage; or
  - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This Restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
  - (1) Capital Assets Program Coverage Form (Output Policy);
  - (2) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
  - (3) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

C00127

C. The following is added and supersedes any provisions to the contrary:

#### **NONRENEWAL**

1. Subject to the provisions of Paragraphs C.2. and C.3. below, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. **Residential Property**

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Capital Assets Program (Output Policy) Coverage Part

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in b., c. and d. below:
- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;
- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or
- (3) We have:
  - (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
  - (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.
- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.
- d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This Restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
  - (1) Capital Assets Program Coverage Form (Output Policy);
  - (2) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
  - (3) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

C00128

3. We are not required to send notice of nonrenewal in the following situations:

- a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.
- b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.
- c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
STANDARD PROPERTY POLICY

- A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
1. The failure, malfunction or inadequacy of:
    - a. Any of the following, whether belonging to any insured or to others:
      - (1) Computer hardware, including microprocessors;
      - (2) Computer application software;
      - (3) Computer operating systems and related software;
      - (4) Computer networks;
      - (5) Microprocessors (computer chips) not part of any computer system; or
      - (6) Any other computerized or electronic equipment or components; or
    - b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;  
due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
  2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.
- B. If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:
1. In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
  2. Under the Commercial Property Coverage Part:
    - a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
    - b. In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;
- we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.

C00130

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALCULATION OF PREMIUM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

- REPLACEMENT COST OPTIONAL COVERAGE – PERSONAL PROPERTY OF OTHERS (CP 00 10, CP 00 17, CP 00 18)

An option is added to extend Replacement Cost coverage to the personal property of others. The extension may be selected only when Replacement Cost coverage also applies to the Building and/or Business Personal Property insured under the policy.

- NEWLY ACQUIRED OR CONSTRUCTED PROPERTY COVERAGE EXTENSION (CP 00 10, CP 00 17, CP 00 18, CP 00 99)

The Newly Acquired or Constructed Property Coverage Extension is revised to:

- equate the start of the 30-day coverage period (and the inception date for calculation of premium) with the start of construction of covered property;
- add coverage for business personal property at a newly constructed or acquired building at the insured location;
- specify that the business personal property itself may be insured property or newly acquired property (e.g., acquisition of another firm's inventory); and
- add coverage for newly acquired business personal property at the described building insured under the policy.

CAUTION: The Extension does not apply to:

- property at a fair, trade show or exhibition; or
- personal property temporarily in the insured's possession either in the course of installing or performing work on such property or in the course of manufacturing or wholesaling activities.
- NON-OWNED DETACHED TRAILERS (CP 00 10, CP 00 17, CP 00 18, CP 00 99)

This new Coverage Extension provides limited coverage on non-owned detached trailers. Coverage is based on contractual responsibility and is provided in the amount of \$5,000, unless a higher limit is shown in the Declarations. The Coverage Extension is subject to the Causes of Loss Form that applies to the insured's business personal property (therefore, theft is covered only if the Special Causes of Loss Form applies, provided such Form has not been endorsed to exclude theft).

- PROPERTY OFF-PREMISES (CP 00 10, CP 00 17, CP 00 18, CP 00 99)

The Property Off-Premises Coverage Extension is revised to include limited coverage for stock, property at a storage location leased mid-term and property at a fair, trade show or exhibition. The limit was increased from \$10,000 to \$25,000.

### III. REDUCTION OF COVERAGE

- COLLAPSE COVERAGE (CP 00 20, CP 00 70, CP 10 20, CP 10 30)

Under the Additional Coverage – Collapse, a definition of collapse is introduced to explicitly set forth the intended coverage.

The definition requires an abrupt falling down or caving in of the building or part of the building. The definition affects losses caused by hidden decay, hidden insect or vermin damage, or use of defective materials or methods in construction, remodeling or renovation. Other causes of loss named in the Collapse Additional Coverage are not affected by the definition of collapse because they are covered by the policy irrespective of whether there is a collapse.

- INCREASED COST OF CONSTRUCTION (CP 00 10, CP 00 17)

The Additional Coverage – Increased Cost Of Construction is revised to specify that such coverage does not respond to losses related to enforcement of laws which require, for example, demolition or repair of property due to fungus, wet rot, dry rot or bacteria, or the assessment or clean up of fungus, wet rot, dry rot or bacteria.

C00132

- **ELECTRONIC DATA – LEGAL LIABILITY AND MORTGAGEHOLDERS ERRORS AND OMISSIONS (CP 00 40, CP 00 70)**

Under revised Legal Liability Coverage Form CP 00 40, Covered Property does not include electronic data.

In revised Mortgageholders Errors And Omissions Coverage Form CP 00 70, under Coverage A (Mortgageholders Interest) and Coverage B (Property Owned Or Held In Trust), Covered Property does not include electronic data.

#### IV. CHANGES IN COVERAGE

##### **ELECTRONIC DATA (CP 00 10, CP 00 17, CP 00 18, CP 00 99)**

In the revised policy, electronic data (which is defined) is characterized as Property Not Covered, except as provided under Additional Coverage – Electronic Data. [The characterization of electronic data as Property Not Covered is not a comment on the essential nature of electronic data. Rather, Property Not Covered is designed to address situations which serve as exceptions to Covered Property or simply need to be identified as being outside the purview of coverage or full coverage.]

Under the Additional Coverage – Electronic Data, coverage is provided for the cost of replacing or restoring electronic data which has been destroyed or corrupted by a Covered Cause of Loss. The Covered Causes of Loss in this situation are certain named perils, including computer virus as limited. The Electronic Data coverage is subject to an annual aggregate limit of \$2,500 per policy, which applies regardless of the number of occurrences, premises, locations or computer systems involved.

**Reduction in coverage:** The new annual aggregate limit of \$2,500 per policy represents a reduction in coverage with respect to losses that would have been covered in the past under Valuable Papers And Records – Cost of Research. The previous coverage was in the amount of \$2,500 per premises for each occurrence, unless the Declarations showed a higher limit.

**Potential broadening of coverage:** As revised, the policy explicitly provides coverage under certain circumstances for corruption of electronic data, a type of loss which was not explicitly addressed in the policy in the past. The revised policy also makes it explicit that a computer virus is a covered cause of loss in many circumstances. To the extent that such losses would not have been covered in the past, the Additional Coverage – Electronic Data represents a broadening of coverage.

#### **BUSINESS INTERRUPTION COVERAGE FORMS**

##### **I. CLARIFICATION OR PROCEDURAL CHANGES**

- **TIME ELEMENT – SUSPENSION OF OPERATIONS (CP 00 30, CP 00 32, CP 00 50)**

A definition of the term suspension is introduced. Suspension of operations includes the slowdown or cessation of your business activities.

- **BUSINESS INCOME – SALES VALUE OF PRODUCTION (CP 00 30, CP 00 32)**

The coverage grant in the business income forms is revised to state explicitly that, for manufacturing risks, net income includes the net sales value of production.

- **EDITORIAL CHANGE TO CP 00 30 and CP 00 32**

The text of the Extended Period of Indemnity option is revised to make reference to subparagraphs (1)(b) and (2)(b) of the Extended Business Income grant since the Extended Period of Indemnity option is intended to apply to both rental value ((2)(b)) and other-than-rental-value ((1)(b)).

- **RENTAL VALUE (CP 00 30, CP 00 32)**

The definition of rental value has been revised to emphasize that continuing normal operating expenses are included and non-continuing expenses are deducted in computing loss of rental value.



- **EXTRA EXPENSE COVERAGE (CP 00 30, CP 00 50)**

The Extra Expense coverage grant, as revised, omits explicit reference to the expense of replacing valuable papers and records. The new limitations on electronic data, discussed above, affect valuable papers and records stored as electronic data. There is no particular restriction (and no change in coverage) relating to valuable papers and records in the paper medium.

The Extra Expense coverage grant is revised to clarify that repair or replacement of property is covered only to the extent that it reduces the amount of loss that otherwise would have been payable under the Coverage Form (CP 00 30 or CP 00 50).

- **BUSINESS INCOME AND EXTRA EXPENSE – ACTUAL LOSS SUSTAINED (21-30)**

Business Income and Extra Expense – Actual Loss Sustained (GECP 601) is replaced with Business Income and Extra Expense – Actual Loss Sustained (21-30). Business Income (and Extra Expense) Coverage Form (CP 00 30) will be added when Business Income and Extra Expense – Actual Loss Sustained (21-30) is endorsed to the policy.

## II. BROADENING OF COVERAGE

- **TENANTS' PREMISES (CP 00 30, CP 00 32, CP 00 50)**

With respect to insureds who occupy part of a building, the meaning of premises is expanded to include any area within the building or on the site at which the tenant's premises are located, if that area services, or is used to gain access to, the tenant's premises.

- **ALTERATIONS, NEW BUILDINGS AND NEW LOCATIONS (CP 00 30)**

The following are extended to apply to Extra Expense coverage: Additional Coverage – Alterations And New Buildings and Coverage Extension – Newly Acquired Locations.

## III. REDUCTION OF COVERAGE

- **MAXIMUM PERIOD OF INDEMNITY OPTIONAL COVERAGE (CP 00 30)**

When this option is made applicable to the policy, recovery for loss of business income and extra expense is limited to the amount of such loss or expense sustained during the 120 days following property damage, subject to the Limit of Insurance. Previously, this option applied only to business income loss.

- **BUSINESS INCOME AND EXTRA EXPENSE – ACTUAL LOSS SUSTAINED (21-30)**

Previously the period of restoration began immediately after the time of direct physical loss or damage. The period of restoration now under Business Income and Extra Expense – Actual Loss Sustained (21-30) will begin 72 hours after the time of direct physical loss or damage.

## IV. CHANGES IN COVERAGE

### INTERRUPTION OF COMPUTER OPERATIONS (CP 00 30, CP 00 32, CP 00 50)

In the past, coverage for business income loss due to damage to electronic media and records was limited to the longer of 60 days or the time needed to restore other property (unless a greater number of days was provided via endorsement CP 15 29). These time limitations, including amendment via CP 15 29, no longer apply.

In the revised policy, under an Additional Coverage – Interruption Of Computer Operations, coverage is provided for business income loss and/or extra expense (depending on the Coverage Form used in a particular policy) arising from a business interruption caused by destruction or corruption of electronic data by a Covered Cause of Loss. The Covered Causes of Loss in this situation are certain named perils, including computer virus as limited. The Interruption Of Computer Operations coverage is subject to an annual aggregate limit of \$2,500 per policy, which applies regardless of the number of occurrences, premises, locations or computer systems involved.

**Reduction in coverage:** In comparison to the time limitation used in the past, the new aggregate dollar limit represents a reduction in business income coverage. Coverage is also reduced for extra expense, because the aforementioned time limitation did not affect extra expense; the new aggregate limit affects business income and extra expense.

**Potential broadening of coverage:** As revised, the policy explicitly provides coverage under certain circumstances for corruption of electronic data, a type of loss which was not explicitly addressed in the policy in the past. The revised policy also makes it explicit that a computer virus is a covered cause of loss in many circumstances. To the extent that business interruptions related to such losses would not have been covered in the past, the Additional Coverage – Interruption Of Computer Operations represents a broadening of coverage.

### **CHANGES IN GLASS COVERAGE**

- The Commercial Property Coverage Part includes coverage for glass that is part of a building or part of business personal property, if the building or business personal property qualifies as Covered Property. The covered causes of loss for such property are determined by the Causes of Loss Form that applies to Covered Property.
- If your previous policy did not include Glass Coverage Form CP 00 15, then either explanation (A) or (B) applies:
  - (A) If the Covered Property is subject to the Causes of Loss – Basic Form (CP 10 10) or Causes of Loss – Broad Form (CP 10 20), coverage is **broadened** in that the vandalism cause of loss no longer contains an exception for glass. Under CP 10 20, coverage is **also reduced**, in that the \$500 Additional Coverage – Breakage of Glass (applicable to causes of loss not otherwise covered under CP 10 20) is eliminated.
  - (B) If the Covered Property is subject to the Causes of Loss – Special Form (CP 10 30), coverage on glass is **broadened**. Coverage under CP 10 30 is expanded to include glass breakage caused by a cause of loss that is not otherwise excluded, and damage caused by chemicals applied to glass. [The coverage for glass breakage is accomplished by removal of a previous limitation.] The new edition of CP 10 30 also includes an Additional Coverage Extension pertaining to temporary plates and removal of obstructions.
- If your previous policy included Glass Coverage Form CP 00 15 and Covered Property is subject to the Causes of Loss – Special Form (CP 10 30) under your new policy, the following disclosure applies: Coverage for glass breakage is reduced in that CP 10 30 does not cover earthquake or flood. But if your policy is endorsed to cover earthquake and flood (separate endorsements), then glass coverage under the new policy is substantially equivalent to the old.

### **CAUSES OF LOSS FORMS**

(and Causes of Loss Sections of CP 00 70 and CP 00 99 as listed in individual items)

#### **I. CLARIFICATION OR PROCEDURAL CHANGES**

- **EARTH MOVEMENT EXCLUSION (CP 10 10, CP 10 20, CP 10 30, CP 00 70, CP 00 99)**

The Earth Movement Exclusion is revised to separate the various types of earth movement into different paragraphs, and to provide some detail on the terms earth sinking, rising and shifting, including explicit reference to soil conditions, the action of water, and settling.

- **WATER DAMAGE NAMED PERIL (CP 10 20)**

The Water Damage peril is revised to clarify that it is intended to respond only to losses which involve the breaking apart or cracking of an on-premises system or on-premises appliance. The description of water damage under the Additional Coverage – Collapse is revised to follow suit.

This peril is also revised to specify that coverage does not include discharge or leakage from roof drains, gutters, downspouts or similar fixtures or equipment. Such equipment is not considered to be a covered system under the terms of this peril.

- **SPECIFIED CAUSES OF LOSS (CP 10 30)**

In the Causes of Loss – Special Form, the definition of "specified causes of loss" (named perils which apply under certain circumstances) is revised to clarify that water damage relates to the breaking apart or cracking of an on-premises system or on-premises appliance.

- **SPECIAL FORM LIMITATION ON VALUABLE PAPERS AND RECORDS (CP 10 30)**

This limitation does not apply to prepackaged software programs.

- **EXCLUSIONS (CP 10 10, CP 10 20, CP 10 30, CP 00 70, CP 00 99)**

Language is added in the section of the form pertaining to exclusions, to emphasize that exclusions apply whether the loss event results in widespread damage or affects a substantial area.

- **EXCLUSION OF NEGLIGENCE (CP 10 10, CP 10 20, CP 10 30, CP 00 70, CP 00 99)**

To complement and reinforce the Duties In The Event of Loss Or Damage condition in the coverage forms, which requires the insured to take all reasonable steps to protect the Covered Property from further damage, an exclusion pertaining to neglect is introduced.

- **CORPORATIONS AND LIMITED LIABILITY COMPANIES (CP 10 30)**

The exclusion pertaining to dishonest and criminal acts is revised to recognize members, officers and managers.

- **UTILITY SERVICES EXCLUSIONS (CP 10 10, CP 10 20, CP 10 30, CP 00 70, CP 00 99)**

A statement has been added to the Utility Services exclusions, explaining that failure of power or other utility service includes lack of sufficient capacity and a reduction in the supply of the service.

## II. BROADENING OF COVERAGE

- **WEIGHT OF ICE, SNOW AND SLEET (CP 10 20, CP 10 30)**

Coverage is no longer precluded for loss or damage to gutters and downspouts caused by the weight of ice, snow or sleet.

- **PROPERTY IN TRANSIT (CP 10 30)**

Named perils coverage for personal property in transit, in or on a motor vehicle owned, leased or operated by the insured, is increased to \$5,000.

- **TIME ELEMENT PERIOD OF INDEMNITY CANCELLATION OF CONTRACT (CP 10 10, CP 10 20, CP 10 30)**

An exception (applicable to Business Income coverage forms) allows coverage for loss of business income related to suspension, lapse or cancellation of a license, lease or contract, if the suspension, lapse or cancellation was directly caused by a covered suspension of the insured's operations. The exception is revised to extend coverage to apply during an Extended Business Income period and any applicable optional extension.

## III. REDUCTION OF COVERAGE

- **LOSSES INVOLVING FUNGUS, WET ROT, DRY ROT OR BACTERIA (CP 10 10, CP 10 20, CP 10 30, CP 00 70, CP 00 99)**

In the past, coverage for loss caused by fungus (including mold, wet rot and dry rot) was provided when the fungus resulted from a Covered Cause of Loss. Under property damage forms, the Limit of Insurance on the affected property was the maximum payable for the total of all damages (by the covered cause of loss and fungus) to the covered property. Under business interruption forms, the period of restoration, as defined in the forms, applied without exception to a suspension of operations involving fungus. Such coverage, for property damage and business interruption, still applies when fungus results from a fire or lightning loss.

As revised, the policy provides limited coverage when fungus results from a Covered Cause of Loss other than fire or lightning (Forms CP 10 10, CP 10 20, CP 00 99) or a specified cause of loss other than fire or lightning (as defined in forms CP 10 30, CP 00 70). Property damage coverage is subject to a \$15,000 annual aggregate limit per policy (unless such limitation is increased via endorsement CP 04 31). The \$15,000 (or higher) limit, which does not increase the amount of insurance on the affected property, represents a reduction in coverage. Under business interruption coverage (provided that a particular policy includes such coverage), when a business interruption is attributable to fungus, the period of restoration is limited to 30 days (not necessarily consecutive days). When fungus prolongs a business interruption that is attributable to other damage, a delay of up to a total of 30 days is covered (regardless of when the delay occurs during the period of restoration). In each case, the 30-day period (or a longest period if endorsed via CP 04 31) represents a reduction in coverage.

- **EXCLUSION OF CONTINUOUS OR REPEATED SEEPAGE OR LEAKAGE OF WATER OR STEAM (CP 10 10, CP 10 20, CP 10 30, CP 00 99)**

This exclusion has been revised by adding reference to the presence or condensation of humidity, moisture or vapor. The exclusion addresses conditions which persist over a period of 14 or more days.

### ENDORSEMENTS

#### I. CLARIFICATION OR PROCEDURAL CHANGES

GECP 900	FOOD PROCESSORS PLATINUM
GECP 901	LESSORS PLATINUM
GECP 902	MANUFACTURERS/PROCESSORS PLATINUM
GECP 903	RESTAURANT PLATINUM
GECP 904	RETAIL PLATINUM
GECP 905	SERVICE PROVIDERS PLATINUM
GECP 906	WHOLESALE/DISTRIBUTORS PLATINUM
GECP 907	PROPERTY GOLD ENDORSEMENT

These proprietary endorsements are revised to track with the ISO form changes. Reference to coverage provisions now provided as part of the ISO form(s) have been deleted.

- **CP 04 15 ENDORSEMENT: DEBRIS REMOVAL ADDITIONAL INSURANCE**

In the underlying coverage forms, the language concerning debris removal is deleted from the Limits of Insurance clause and incorporated into the Debris Removal Additional Coverage. This change in format necessitates editorial changes to optional endorsement CP 04 15, which allows an increase in the amount of debris removal coverage.

- **CP 12 11 BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS**

The endorsement is revised to eliminate information pertaining to an obsolete Underwriters Laboratories classification system. Further, the endorsement no longer refers to Underwriters Laboratories certification since there are many organizations that evaluate alarm systems.

- **CP 11 20 BUILDERS RISK – COLLAPSE DURING CONSTRUCTION**

Paragraph references are revised due to Format changes in the Causes of Loss forms.

- **CP 01 53 COLLAPSE CHANGES (WITHDRAWN)**

This endorsement corrects paragraph references in the 1995 edition of CP 00 20 and CP 00 70. It is not applicable to the new edition of the forms.

- **CP 10 37 RADIOACTIVE CONTAMINATION**

The word "or" in paragraphs A.1. and B.1. of the endorsement is replaced by the word "including", thereby appropriately connecting the sub-paragraph on "resultant" damage to the description which precedes it.

- **CP 15 24 MINING PROPERTIES – BUSINESS INCOME**

A Schedule and accompanying footnote are added to the endorsement. The Schedule enables selection of the appropriate coverage option provided by the endorsement: No Underground Coverage, Limited Underground Coverage or Broad Underground Coverage.

- **CP 15 08 BUSINESS INCOME FROM DEPENDENT PROPERTIES – BROAD FORM**
- **CP 15 09 BUSINESS INCOME FROM DEPENDENT PROPERTIES – LIMITED FORM**
- **CP 15 31 ORDINANCE OR LAW – INCREASED PERIOD OF RESTORATION**
- **CP 15 34 EXTRA EXPENSE FROM DEPENDENT PROPERTIES**

To recognize that the term suspension is now a defined term, these endorsements are revised to add quotation marks to the word suspension (in the phrase suspension of operations).

- **CP 04 05 ORDINANCE OR LAW COVERAGE ENDORSEMENT**
- **CP 15 31 ORDINANCE OR LAW INCREASED PERIOD OF RESTORATION ENDORSEMENT**

These endorsements contain an exclusionary provision relating to pollution. In the revised endorsements, text has been added to make it explicit that such exclusion affects all aspects of the Ordinance Or Law coverage.

- **CP 15 45 UTILITY SERVICES – TIME ELEMENT**

The revised endorsement includes a paragraph explaining the function of the Schedule entry for a Limit of Insurance. The title of that Schedule entry is revised to make it more explicit.

- **CP 15 08 BUSINESS INCOME FROM DEPENDENT PROPERTIES – BROAD FORM**
- **CP 15 09 BUSINESS INCOME FROM DEPENDENT PROPERTIES – LIMITED FORM**
- **CP 15 34 EXTRA EXPENSE FROM DEPENDENT PROPERTIES**

Under these endorsements, contributing locations (a property that delivers materials or services to the insured) do not include suppliers of water, communication service or power. In the revised endorsements, there is explicit mention that services relating to Internet access (or access to any electronic network) fall under communication supply services.

- **CP 11 05 BUILDERS RISK REPORTING FORM**
- **CP 13 10 VALUE REPORTING FORM**

New language has been added to the Premium Adjustment section of these forms, stating that the due date for any additional premium is the date shown on the bill as the due date.

- **GECP 700 EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT**

Within the definition of Accident the word fortuitous was inserted as follows. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment."

## II. BROADENING OF COVERAGE

- **GECP 900, GECP 901, GECP 902, GECP 903, GECP 904, GECP 905, GECP 906 PLATINUM ENDORSEMENTS**
  - a. Limits for outdoor signs attached to buildings is increased to \$25,000.
  - b. Limits for Property Off Premises increased to either \$25,000 or to \$50,000 per the form.
- **GECP 907 PROPERTY GOLD ENDORSEMENT**
  - a. Limits for outdoor signs attached to buildings is increased to \$5,000.
  - b. Damages from Sewer Back Up is included with a \$10,000 limit.

C00138



- **GECP 700 EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT**

1. This new endorsement adding Equipment Breakdown coverage provides a \$100,000 limit for each of the following: Spoilage, Data Restoration and Expediting Expense.
2. Environmental, Safety & Efficiency Improvements coverage added but limited to 25% of the replacement cost of the equipment damaged. This coverage will pay for the insured to replace the damaged equipment with one that is better for the environment, improved safety features and is more efficient subject to a limit as noted.

- **CP 10 65 and 21-66 FLOOD COVERAGE ENDORSEMENT AND SCHEDULE**

An optional endorsement is introduced to provide flood coverage. Contact your agent for additional information.

- **CP 04 60 VACANCY CHANGES**

This new, optional endorsement enables modification of the threshold for determining vacancy of a premises.

- **CP 17 98 CONDOMINIUM COMMERCIAL UNIT OWNERS CHANGES – STANDARD PROPERTY POLICY**

The Newly Acquired Property Coverage Extension in endorsement CP 17 98 is being revised to:

- revise the provision which currently limits coverage at each building to the lesser of 10% of the Business Personal Property Limit or \$100,000. Instead, coverage will be provided up to \$100,000 at each building;
- specify that the business personal property at the newly acquired location may be insured property that has been relocated to that location, or newly acquired business personal property (e.g., acquisition of another firm's inventory); and
- add coverage for newly acquired business personal property at the described premises.

**CAUTION:** This Coverage Extension does not apply to personal property of others that is temporarily in the insured's possession in the course of installing or performing work on such property or in the course of manufacturing or wholesaling activities.

- **CP 04 01 BRANDS AND LABELS**

Under the terms of this optional endorsement, the insured may stamp "salvage" on merchandise that is being taken by the insurer, or remove the brands or labels, subject to certain conditions. CP 04 01 is revised to include coverage for costs incurred by the insured in performing the aforementioned activity. This coverage does not increase the applicable Limit of Insurance.

- **CP 15 32 ENDORSEMENT: CIVIL AUTHORITY (TIME ELEMENT)**

This new, optional endorsement pertains to Business Income and Extra Expense coverage. The endorsement provides the option of replacing the three-week Civil Authority coverage period with a coverage period of 60, 90 or 180 days.

- **CP 15 25 BUSINESS INCOME – EDUCATIONAL INSTITUTIONS**

An Extension of Recovery Period Option is added to CP 15 25, triggered via the Schedule. This option covers loss of business income sustained during "X" months following physical restoration of the property. This option is presented in Endorsement CP 15 25 as an alternative to the endorsement's more limited Extended Business Income coverage.

In addition:

- The Schedule is expanded to accommodate entry of a description of each school term in an annual period, to clarify intended coverage; and
- The term suspension, now a defined term when used in the phrase suspension of operations, is enclosed in quotation marks.

- **CP 04 30 ELECTRONIC COMMERCE (E-COMMERCE)**

This new, optional endorsement addresses certain exposures related to use of the Internet in conducting business. Coverage, as described and limited in the endorsement, applies to restoration of electronic data and loss of income arising out of interruption of e-commerce activities.

- **CP 04 32 BUSINESS PERSONAL PROPERTY – LIMITED INTERNATIONAL COVERAGE**

This new, optional endorsement provides property damage coverage on business personal property during a business trip to a foreign territory.

- **CP 04 33 PROPERTY IN PROCESS OF MANUFACTURE BY OTHERS – LIMITED INTERNATIONAL COVERAGE**

This new, optional endorsement extends property damage coverage on business personal property to raw materials and goods while in the process of manufacture in a foreign territory (outsourcing).

- **CP 15 01 BUSINESS INCOME FROM DEPENDENT PROPERTIES – LIMITED INTERNATIONAL COVERAGE**

- **CP 15 02 EXTRA EXPENSE FROM DEPENDENT PROPERTIES – LIMITED INTERNATIONAL COVERAGE**

Under these new, optional endorsements, the dependent properties are contributing or manufacturing locations in a foreign territory. Each location must be identified.

### III. REDUCTION OF COVERAGE

- **GECP 900, GECP 901, GECP 902, GECP 903, GECP 904, GECP 905, GECP 906 PLATINUM ENDORSEMENTS**

1. Limits for signs as covered under Outdoor Property is decreased to \$25,000.
2. Employee Dishonesty coverage is revised to clarify how coverage will respond as respects prior acts and prior insurance. A one year discovery period was added.
3. Civil Authority coverage is deleted. The Civil Authority coverage in the Business Income (and Extra Expense) Coverage Form (CP 00 30) will apply if this coverage applies. The coverage attachment is amended from at time of the civil action to 72 hours after the time of the action.

- **GECP 901, GECP 906 PLATINUM ENDORSEMENTS**

Appraisal and Inventory Limits reduced to \$5,000.

- **GECP 907 PROPERTY GOLD ENDORSEMENT**

1. Limits for signs as covered under Outdoor Property is decreased to \$5,000.
2. Civil Authority coverage is deleted. The Civil Authority coverage in the Business Income (and Extra Expense) Coverage Form (CP 00 30) will apply if this coverage applies. The coverage attachment is amended from at time of the civil action to 72 hours after the time of the action.

- **GECP 830 PERSONAL PROPERTY OF OTHERS**

This endorsement which amended the limit for Your Business Personal Property to include Personal Property of Others is deleted. Unless otherwise endorsed the limit for Personal Property of Others is \$2,500 as provided in the Building and Personal Property Coverage Form (CP 00 10).

- **GECP 700 EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT**

Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident." Prior coverage responded at the time of the failure or disruption.

C00140



- CP 14 30 OUTDOOR TREES, SHRUBS AND PLANTS
- CP 14 40 OUTSIDE SIGNS
- CP 14 50 RADIO OR TELEVISION ANTENNAS

These endorsements are revised to emphasize that applicable policy provisions affect coverage provided under the endorsements. Particularly relevant exclusions from the underlying forms are incorporated into the endorsements.

- CP 04 05 ORDINANCE OR LAW COVERAGE ENDORSEMENT
- CP 15 31 ORDINANCE OR LAW – INCREASED PERIOD OF RESTORATION ENDORSEMENT

These endorsements are revised to specify that ordinance or law coverage does not respond to losses related to enforcement of ordinances or laws which require, for example, demolition or repair of property due to fungus, wet rot, dry rot or bacteria, or the assessment or clean up of fungus, wet rot, dry rot or bacteria.

- CP 15 08 BUSINESS INCOME FROM DEPENDENT PROPERTIES – BROAD FORM
- CP 15 09 BUSINESS INCOME FROM DEPENDENT PROPERTIES – LIMITED FORM
- CP 15 34 EXTRA EXPENSE FROM DEPENDENT PROPERTIES

As revised, coverage under these endorsements does not apply when the only damage at the premises of the dependent property is damage to electronic data. If the dependent property suffers damage to electronic data and other property, resulting in a suspension of operations at the insured's premises, coverage under these endorsements will not continue after such other property is repaired or replaced.

- CP 04 17 UTILITY SERVICES – DIRECT DAMAGE

Loss or damage to electronic data, caused by an interruption in utility service, is not covered.

- CP 15 45 UTILITY SERVICES – TIME ELEMENT

Coverage under this endorsement does not apply to business income loss or extra expense related to an interruption in utility service which causes loss or damage to electronic data.

#### IV. CHANGE IN COVERAGE

- CP 04 05 ORDINANCE OR LAW COVERAGE
- CP 04 38 FUNCTIONAL BUILDING VALUATION ENDORSEMENTS

Under these endorsements, Ordinance or Law coverage is related to property damage losses. Property damage may involve both covered causes of loss and excluded causes of loss. As revised, these endorsements include a section outlining the circumstances under which Ordinance or Law coverage is and is not triggered. Further, the revised endorsements describe proportionate loss payment for Ordinance or Law losses for the situation where the underlying property damage losses were caused by covered and excluded causes of loss.

## **IMPORTANT NOTICE TO POLICYHOLDERS SILICA EXCLUSION**

Your policy has been renewed with a Silica Exclusion endorsement. This may result in a reduction in coverage. Following is a summary of the exclusion. NO COVERAGE IS PROVIDED BY THIS SUMMARY nor can it be construed to replace any provision in your policy. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE for complete information on the coverages you are provided. If there is a conflict between the policy and this summary, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

### **ENDORSEMENT SUMMARY**

#### **Exclusion-Silica**

To the extent that current policy exclusions do not apply to liability arising from silica, this endorsement precludes coverage for:

- Bodily injury arising, in whole or in part, from the inhalation, ingestion, absorption of or exposure to silica.

This exclusion applies to silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise.

C00142

## **IMPORTANT NOTICE TO POLICYHOLDERS**

### **EXCLUSION – VIOLATION OF STATUTES THAT GOVERN E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF SENDING MATERIAL OR INFORMATION**

This notice does not form a part of your insurance contract. The notice is designed to alert you to coverage changes when the exclusion for violation of statutes that govern e-mails, fax, phone calls or other methods of sending material or information is attached to this policy. If there is any conflict between this notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsement attached to your policy, carefully.

#### **SUMMARY OF EXCLUSION – VIOLATION OF STATUTES THAT GOVERN E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF SENDING MATERIAL OR INFORMATION ENDORSEMENTS:**

- **CG 00 67 03 05** [modifies the Commercial General Liability Coverage Part and CUSTOM COMMERCIAL PROTECTOR]
- **44-207 03 05** [modifies the COMMERCIAL PROTECTOR COVERAGE FORM (Businessowners Coverage Form)]
- **14-257 03 05** [modifies the Commercial Umbrella Liability Coverage Part]

When one of the above "Exclusion – Violation Of Statutes That Govern E-Mails, Fax, Phone Calls Or Other Methods Of Sending Material Or Information" endorsements is attached to your policy, coverage is excluded for "bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate the Telephone Consumer Protection Act (TCPA), the CAN-SPAM Act of 2003 (including any amendment of or addition to such laws), or any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

This is a reduction in coverage in states where, absent the wording of this endorsement, courts would consider coverage to be provided for violations of the above-mentioned acts or of other similar statutes, regulations or ordinances.

C00143

## IMPORTANT NOTICE TO POLICYHOLDERS

With respect to insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
COMMERCIAL PROTECTOR<sup>®</sup> LIABILITY COVERAGE FORM

Your liability insurance is being renewed at this time with the addition of the Asbestos Exclusion. This results in some clarifications and reductions in coverage. Following is a summary of the major changes. NO COVERAGE IS PROVIDED BY THIS SUMMARY nor can it be construed to replace any provision in your policy. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

### ASBESTOS EXCLUSION SUMMARY

- A. CLARIFYING CHANGES** – language has been added for the purpose of clarity but there is no change in coverage intent.

Coverage is not provided for:

1. Any injury or damage arising out of any premises or operations involving the manufacture, storage, processing, mining, use, sales, installation, removal, disposal, distribution, handling, inhalation, ingestion, absorption or existence of, exposure to, or contact with asbestos, asbestos contained in goods, products or materials, asbestos fibers or asbestos dust.
2. Any loss, cost or expense arising out of any:
  - a. Request, demand, order, or statutory or regulatory requirement that any insured or others in any way respond to or assess the effects of asbestos, asbestos fibers or asbestos dust, or asbestos contained in goods, products or materials.
  - b. Claim or suit by or on behalf of a governmental authority for damages because of any response to or assessment of the effects of asbestos, asbestos fibers or asbestos dust, or asbestos contained in goods, products or materials.

- B. REDUCTIONS IN COVERAGE** – language has been added which has resulted in reductions in coverage.

Coverage is not provided for any injury or damage arising out of asbestos, asbestos fibers or asbestos dust, and asbestos contained in goods, products or materials if such injury or damage is included in the products or completed operations hazard.

C00144

RENEWAL


**Golden Eagle  
Insurance™**  
Member of Liberty Mutual Group

ning a part of

Policy Number: CBP 9772033

Coverage Is Provided In PEERLESS INSURANCE COMPANY - A STOCK COMPANY

**Named Insured:**
 SHAW MORTGAGE CORPORATION  
 (DBA) THE NATURAL TOUCH  
 REFER TO NAMED INSURED SCHEDULE
**Agent:**

WATERIDGE INSURANCE SERVICES

Agent Code: 4292657

Agent Phone: (858)-452-2200

TOTAL ADVANCE PREMIUM FOR ALL LIABILITY COVERAGE PARTS \$ 12,829.00

**COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS****LIMITS OF INSURANCE**

Each Occurrence Limit	\$ 1,000,000	
Damage To Premises Rented To You Limit	\$ 100,000	Any One Premises
Medical Expense Limit	\$ 5,000	Any One Person
Personal and Advertising Injury Limit	\$ 1,000,000	Any One Person or Organization
General Aggregate Limit (Other Than Products/Completed Operations)	\$ 2,000,000	
Products/Completed Operations Aggregate Limit	\$ 1,000,000	

**LOCATION OF PREMISES**

Location Number	Address of All Premises You Own, Rent or Occupy
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001	9050 KENAMAR DRIVE #501 & #502 SAN DIEGO CA 92121
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002	1465 ENCINITAS BLVD SUITE A ENCINITAS CA 92024
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003	9040 KENAMAR DRIVE #403 SAN DIEGO CA 92121
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004	9755 DISTRIBUTION AVENUE SAN DIEGO CA 92121
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C00146

## COMMERCIAL GENERAL LIABILITY COVERAGE PART DEVIATIONS (continued)

## PREMIUM

Class Code	Classification Description		Rates		Advance Premium	
	Premium Base	Territory Code	Prods/Comp Ops	All Other	Prods/Comp Ops	All Other
CA	COMML LIABILITY GOLD					
					\$	611
LOCATION 001						
16501	PLASTIC OR RUBBER SUPPLY GOODS DISTRIBUTORS					
	900,000	004	\$ 0.741	\$ 0.166	\$ 667	\$ 149
	GROSS SALES PER \$1000					
18437	STORES-NO FOOD OR DRINK -OTHER THAN NOT-FOR-PROFIT					
	2,700,000	004	\$ 0.188	\$ 2.403	\$ 508	\$ 6,488
	GROSS SALES PER \$1000					
LOCATION 002						
16501	PLASTIC OR RUBBER SUPPLY GOODS DISTRIBUTORS					
	170,000	004	\$ 0.741	\$ 0.166	\$ 126	\$ 28
	GROSS SALES PER \$1000					
18437	STORES-NO FOOD OR DRINK -OTHER THAN NOT-FOR-PROFIT					
	1,530,000	004	\$ 0.188	\$ 2.403	\$ 288	\$ 3,677
	GROSS SALES PER \$1000					
LOCATION 003						
68706	WAREHOUSES-PRIVATE-OTHER THAN NOT-FOR-PROFIT PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT					
	2,000	004	INCL	\$ 40.126	INCL	\$ 80
	AREA PER 1000 SQ FT					

C00147

RENEWAL

...ing a part of

Policy Number: CBP 9772033

Coverage Is Provided In PEERLESS INSURANCE COMPANY - A STOCK COMPANY

## Named Insured:

SHAW MORTGAGE CORPORATION  
(DBA) THE NATURAL TOUCH  
REFER TO NAMED INSURED SCHEDULE

## Agent:

WATERIDGE INSURANCE SERVICES

Agent Code: 4292657

Agent Phone: (858)-452-2200

## COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS (continued)

## PREMIUM

Class Code	Classification Description		Rates		Advance Premium	
	Premium Base	Territory Code	Prods/ Comp Ops	All Other	Prods/ Comp Ops	All Other

## LOCATION 004

68706 WAREHOUSES-PRIVATE-OTHER THAN NOT-FOR-PROFIT  
PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL  
AGGREGATE LIMIT

5,160 004 INCL \$ 40,126 INCL \$ 207

AREA  
PER 1000  
SQ FT

Audit Period: ANNUAL

Total Advance Premium

I NCLUDED

## FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy:

Form Number	Description
17-22	- 1202 EXCLUSION - LEAD
17-98	- 1202 EXCLUSION - ASBESTOS
22-90CA	- 0105 EXCLUSION - SILICA
CG0001	- 1001 COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CG0067	- 0305 EXCLUSION-VIOLATION OF STATUTES
CG2011	- 0196 ADDITIONAL INSURED-MANAGERS OR LESSORS OF PREMISES
CG2147	- 0798 EMPLOYMENT RELATED PRACTICES EXCLUSION
CG2149	- 0999 TOTAL POLLUTION EXCLUSION ENDORSEMENT
CG2160	- 0998 EXCL-YEAR 2000 COMPUTER-RELATED/ELECTRONIC PROBLEMS



COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS (continued)

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy:

Form Number	Description
CG2167	- 0402 FUNGI OR BACTERIAL EXCLUSION
GECG602	- 0904 COMMERCIAL GENERAL LIABILITY GOLD ENDORSEMENT
GECG635	- 0504 AMENDMENT OF COVERAGE B

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Date Issued: 09/06/2005

<b>Policy Number:</b> CBP 9772033	
<b>Coverage Is Provided In</b> PEERLESS INSURANCE COMPANY - A STOCK COMPANY	
<b>Named Insured:</b> SHAW MORTGAGE CORPORATION (DBA) THE NATURAL TOUCH REFER TO NAMED INSURED SCHEDULE	<b>Agent:</b> WATERIDGE INSURANCE SERVICES  <b>Agent Code:</b> 4292657 <b>Agent Phone:</b> (858)-452-2200

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### ADDITIONAL INSURED—MANAGERS OR LESSORS OF PREMISES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

#### SCHEDULE

1. Designation of Premises (Part Leased to You):  
9050 KENAMAR DRIVE #501 & #502 SAN DIEGO
2. Name of Person or Organization (Additional Insured):

H G FENTON COMPANY  
 (ATTN) PROPERTY MANAGER  
 7588 METROPOLITAN DRIVE  
 SAN DIEGO CA 92108-

3. Additional Premium:  
SEE PREMIUM SCHEDULE

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an Insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

## COMMERCIAL LIABILITY GOLD ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

#### SECTION I – COVERAGES

##### COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

#### 2. Exclusions

*Item 2.g. 2) is replaced with the following:*

- 2.g. 2) A watercraft you do not own that is:
- a) less than 50 feet long; and
  - b) Not being used to carry persons or property for a charge.

*Item 2.g. 6) is added:*

- 6) An aircraft in which you have no ownership interest and that you have chartered with crew.

*The last paragraph of 2. Exclusions is replaced with the following:*

Exclusions c. through n. do not apply to damage by fire, explosion, sprinkler leakage, or lightning to premises while rented to you, temporarily occupied by you with the permission of the owner, or managed by you under a written agreement with the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits of Insurance.

#### SECTION I – COVERAGES

##### COVERAGE C. MEDICAL PAYMENTS

*If Medical Payments Coverage is provided under this policy, the following is changed:*

#### 3. Limits

The medical expense limit provided by this policy shall be the greater of:

- a. \$10,000; or
- b. The amount shown in the declarations.

Coverage C. Medical Payments is primary and not contributing with any other insurance, even if that other insurance is also primary.

*The following is added:*

##### COVERAGE D. PRODUCT RECALL NOTIFICATION EXPENSES

#### Insuring Agreement

We will pay "product recall notification expenses" incurred by you for the withdrawal of your products, provided that:

- a. Such withdrawal is required because of a determination by you during the policy period, that the use or consumption of your products could result in "bodily injury" or "property damage"; and
- b. The "product recall notification expenses" are incurred and reported to us during the policy period.

The most we will pay for "product recall notification expenses" during the policy period is \$100,000.

C00151

**SUPPLEMENTARY PAYMENTS – COVERAGES A AND B**

*Item b. and d. are replaced with:*

- b. The cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit" including actual loss of earnings up to \$500 a day because of time off from work.

**SECTION II – WHO IS AN INSURED**

*Item 4. is replaced with:*

- 4. Any subsidiaries, companies, corporations, firms, or organizations you acquire or form during the policy period over which you maintain a controlling interest of greater than 50% of the stock or assets, will qualify as a Named Insured if:
  - a) you have the responsibility of placing insurance for such entity; and
  - b) coverage for the entity is not otherwise more specifically provided; and
  - c) the entity is incorporated or organized under the laws of the United States of America.

However; coverage under this provision does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the entity, or "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the entity.

Coverage under this provision is afforded only until the end of the policy period, or the twelve (12) month anniversary of the policy inception date whichever is earlier.

**SECTION III – LIMITS OF INSURANCE**

*Paragraph 2 is amended to include:*

The General Aggregate Limit of Insurance applies separately to each "location" owned by you, rented to you, or occupied by you with the permission of the owner.

*Paragraph 6. is replaced with the following:*

- 6. Subject to 5. above, the Fire Damage Limit is the most we will pay under Coverage A for damages because of "property damage" to premises while rented to you, temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner, arising out of any one fire, explosion or sprinkler leakage incident.

The Fire Damage Limit provided by this policy shall be the greater of:

- a. \$500,000. or
- b. The amount shown in the Declarations.

**SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**

*Item 2. a. is replaced with:*

**2. Duties In The Event of Occurrence, Offense, Claim or Suit**

- a. You must promptly notify us. Your duty to promptly notify us is effective when any of your executive officers, partners, members, or legal representatives is aware of the "occurrence", offense, claim, or "suit". Knowledge of an "occurrence", offense, claim or "suit" by other employee(s) does not imply you also have such knowledge. To the extent possible, notice to us should include:
  - 1) How, when and where the "occurrence" or offense took place;
  - 2) The names and addresses of any injured persons and witnesses; and
  - 3) The nature and location of any injury or damage arising out of the "occurrence", offense, claim or "suit".

C00152

*Item 4. b. 1) b) is replaced with:*

**b. Excess Insurance**

- 1)b) That is Fire, Explosion or Sprinkler Leakage insurance for premises while rented to you, temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner; or

*Item 6. Is amended to include:*

**6. Representations**

- d. If you unintentionally fail to disclose any hazards existing at the inception date of your policy, we will not deny coverage under this Coverage Part because of such failure. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

*Item 8. is replaced with:*

**8. Transfer of Rights Of Recovery Against Others To Us**

- a. If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring suit or transfer those rights to us and help us enforce them.
- b. If required by a written "insured contract", we waive any right of recovery we may have against any person or organization because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under that written "insured contract" for that person or organization and included in the "products-completed operations hazard".

*Item 10. and Item 11. are added:*

**10. Cancellation Condition**

If we cancel this policy for any reason other than nonpayment of premium we will mail or deliver written notice of cancellation to the first Named Insured at least 60 days prior to the effective date of cancellation.

**11. Liberalization**

If we adopt a change in our forms or rules which would broaden your coverage without an extra charge, the broader coverage will apply to this policy. This extension is effective upon the approval of such broader coverage in your state.

**SECTION V – DEFINITIONS**

The following definitions are added or changed:

**9. "Insured contract"**

a. *Is changed to:*

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, explosion or sprinkler leakage to premises while rented to you, or temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner is not an "insured contract".

*23 and 24 are added:*

23. "Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.
24. "Product recall notification expenses" means the reasonable additional expenses (including, but not limited to, cost of correspondence, newspaper and magazine advertising, radio or television announcements and transportation cost), necessarily incurred in arranging for the return of products, but excluding costs of the replacement products and the cash value of the damaged products.

The following Provisions are also added to this Coverage Part:

**A. ADDITIONAL INSURED – BY CONTRACT, AGREEMENT OR PERMIT**

1. Paragraph 2. under **SECTION II – WHO IS AN INSURED** is amended to include as an insured any person or organization when you and such person or organization have agreed in writing in a contract, agreement or permit that such person or organization be added as an additional insured on your policy to provide insurance such as is afforded under this Coverage Part. Such person or organization is not entitled to any notices that we are required to send to the Named Insured and is an additional insured only with respect to liability arising out of:

- a. Your ongoing operations performed for that person or organization; or
- b. Premises or facilities owned or used by you.

With respect to provision 1.a. above, a person's or organization's status as an insured under this endorsement ends when your operations for that person or organization are completed.

With respect to provision 1.b. above, a person's or organization's status as an insured under this endorsement ends when their contract or agreement with you for such premises or facilities ends.

2. This endorsement provision A. does not apply:

- a. Unless the written contract or agreement has been executed, or permit has been issued, prior to the "bodily injury", "property damage" or "personal and advertising injury";
- b. To "bodily injury" or "property damage" occurring after:
  - (1) All work, including materials, parts or equipment furnished in connection with such work, in the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the site of the covered operations has been completed; or
  - (2) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project;
- c. To the rendering of or failure to render any professional services including, but not limited to, any professional architectural, engineering or surveying services such as:
  - (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
  - (2) Supervisory, inspection, architectural or engineering activities;
- d. To "bodily injury", "property damage" or "personal and advertising injury" arising out of any act, error or omission that results from the additional insured's sole negligence or wrongdoing;
- e. To any person or organization included as an insured under provision B. of this endorsement;
- f. To any person or organization included as an insured by a separate additional insured endorsement issued by us and made a part of this policy.

**B. ADDITIONAL INSURED – VENDORS**

Paragraph 2. under **SECTION II – WHO IS AN INSURED** is amended to include as an insured any person or organization (referred to below as "vendor") with whom you agreed, in a written contract or agreement to provide insurance such as is afforded under this policy, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

1. The Insurance afforded the vendor does not apply to:
  - a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
  - b. Any express warranty unauthorized by you;
  - c. Any physical or chemical change in the product made intentionally by the vendor;

C00154

- d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
  - e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the course of business, in connection with the distribution or sale of the products;
  - f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
  - g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
  - h. To "bodily injury" or "property damage" arising out of any act, error or omission that results from the additional insured's sole negligence or wrongdoing.
2. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.